

UNITED STATES DISTRICT COURT  
FOR THE DISTRICT OF COLUMBIA

UNITED STATES OF AMERICA,

Plaintiff,

v.

WESTERN ELECTRIC CO., INC.  
and AMERICAN TELEPHONE AND  
TELEGRAPH COMPANY,

Defendants.

Civil Action No. 82-0192 (HHG)

REPLY OF THE BELL COMPANIES TO COMMENTS ON  
THEIR MOTION FOR A MODIFICATION OF SECTION II OF  
THE DECREE TO PERMIT THEM TO PROVIDE CELLULAR AND  
OTHER WIRELESS SERVICES ACROSS LATA BOUNDARIES

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true given that (as explained in our opening Memorandum at 12-13) BOC wireless systems would, even if partially collocated with local exchange facilities, pass interexchange calls through a MTSO entirely separate from the landline network. See, e.g., DOJ Proposed Order §§ VIII(L)(1)(a) (defining "MTSO"), VIII(L)(2)(a) ("Originating Wireless Interexchange Service" must pass through MTSO).<sup>39</sup>

**B. The Department's Allegations Regarding Market Power in Wireless Services Cannot Justify the Imposition of Decree Conditions**

However irrational, the Department's recommended resale and separation conditions are at least theoretically directed at alleged concerns about misuse of the local landline exchange. The Department, however, has put forward additional proposals prohibiting "bundling" of local and long-distance wireless service, requiring duplicative sales forces, and mandating sharing of confidential databases solely because of its belief that wireless providers possess market power and that the decree should be used to control the exercise of that power.

Both the Department's premise and its conclusion are incorrect. Wireless services are in fact competitive and will become

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<sup>39</sup>At the very least, the Court should change the definition of MTSO so that it does not include the "home and visitor registers" and other databases used to provide roaming and call completion services. These services may be provided through a separate adjunct to the MTSO or a central clearing house that is completely separate from the actual MTSO; alternatively, they can be provided through advanced intelligent network (AIN) services of the wireline exchange. Such a change would be in keeping with the definition of "MTSO" used in the proposed AT&T/McCaw decree. See Final Judgment, § II(W).

increasingly so in short order. But the Court need not even consider that issue. More fundamentally, the decree specifically addresses wireline "bottleneck" monopoly power -- not all sorts of market power. Both the decree and the Government's underlying lawsuit against AT&T focused on AT&T's alleged misuse "of an 'essential facility,' the local switches and circuits. It was . . . control of these switches and circuits that gave the Bell System its power over the competition." Triennial Review, 673 F. Supp. at 536 (citations omitted). The interexchange restriction in particular was premised on evidence demonstrating that interconnection with local landline switches and circuits was essential to an interexchange carrier, and that "the Bell System, through the Operating Companies, had consistently sought, often successfully, to exclude competition in the provision of long distance service by restricting interconnection to these local facilities." Id. at 541; see United States v. Western Elec. Co., 1986-1 Trade Cas. (CCH) ¶ 66,987 at 62,057 (decree addresses monopoly power from "control of the local wireline 'bottleneck'").

The Department contends that "[t]here is no reason to believe that the Decree's purposes end where the local landline exchange ends," DOJ Mem. at 11, and that "[a]ttempts to limit the applicability of the Decree to the local landline 'bottleneck monopoly' read the Decree too narrowly." Id. at 12. But these statements just underscore the illegitimacy of the Department's concerns. As AT&T has stated, "the Decree was not intended to solve all problems in the telecommunications industry, but only those

problems stemming from integration of the BOCs' exchange monopolies and interexchange services." AT&T Opposition to RBOC's Motion to "Exempt" Wireless Services from Section II of the Decree at 15 (DOJ Apr. 27, 1992) (emphasis in original).<sup>40</sup>

To justify further regulation pursuant to the decree, the alleged threat posed by the cellular duopoly must be attributable to the BOCs' ownership of the local access "bottleneck" facilities. Such a connection cannot be drawn. The root of the alleged "problem" the Department seeks to correct lies not in a "bottleneck," but rather in the allegedly exclusive control that both BOC and non-BOC cellular carriers enjoy over the airwaves by virtue of the FCC's considered decision to limit entry into the cellular field. But, as this Court has previously explained, "since this division of the markets is an FCC program, there may be utility, on comity or primary jurisdiction grounds, for the Court to stand back to permit that agency to resolve any anticompetitive problems." 1986-1 Trade Cas. (CCH) ¶ 66,987 at 62,059 n.16.

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Even if it were relevant to the BOCs' waiver request, the Department's belief that the decree should be used to control the exercise of alleged market power by wireless providers would be incorrect. First, the Department is wrong about the current state of competition in cellular services. It is true that cellular is

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<sup>40</sup>AT&T explains that "the Department has missed the entire point of the Decree if it is equating the mere 'market power' of one of two cellular carriers with the bottleneck control that RBOCs' landline monopolies over essential (i.e., nonreproducible) access facilities give them. The Decree exists to prevent abuses of bottleneck monopolies, not to address mere market power." AT&T Opp. at 24.

(by virtue of federal licensing policies) a duopoly and that, among duopolists, "perfect competition" -- on an analogy with wheat farming -- is unlikely. But Dr. Hausman's research indicates that the price elasticity of cellular markets is far below the level associated with monopolistic conditions. 1992 Hausman Aff. ¶ 25.<sup>41</sup> Dr. Hausman has also shown that RBOC cellular airtime rates have dropped steadily and significantly between 1985 and 1993. See 1994 Hausman Aff. at Ex. B, Figure 1. Moreover, with AT&T garnering over 70 percent of wireless presubscription traffic, cellular interexchange service is actually more concentrated than local cellular service.<sup>42</sup>

The Department offers no facts or figures to contradict Dr. Hausman. Indeed, the Department seems to have conducted no economic analysis whatsoever in reaching its conclusion that "the market power of each cellular duopolist appears to be sufficient to permit supracompetitive pricing of cellular service." DOJ Mem. at 3.

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<sup>41</sup>Standard economic theory teaches that a monopolist will always price along the "inelastic" portion of the market demand curve: that is, where the percentage change in quantity demanded responding to a small change in price is greater than the percentage change in price. In such an instance, demand elasticity exceeds 1.0 (in absolute value terms). Evidence that market elasticity is less than 1.0 implies that pricing is not reflective of a monopoly. The price elasticity of the cellular market is in the range of 0.30-0.40. 1992 Hausman Aff. ¶ 25.

<sup>42</sup>Wireless interexchange presubscription service would score 5400 on the Herfindahl-Hirshman Index (HHI) for measuring concentration, with market shares of approximately 70, 20, and 10 percent for AT&T, MCI, and Sprint, respectively. Local cellular service, with approximately 50/50 market shares, yields an HHI of 5000.

In lieu of such analysis, the Department claims that the FCC has concluded that "cellular systems have substantial market power." Id. at 14. But this is flatly incorrect, as even a cursory look at the four FCC sources cited by DOJ reveals.<sup>43</sup> The Department also provides selected quotations from Bell company documents that allegedly acknowledge a lack of significant price competition in cellular services. Id. at 15-19. These quotations, however, are woefully inadequate to bear the burden the Department wants to place upon them.

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<sup>43</sup>Only two of the sources are even remotely on point. In one, the FCC merely states that the cellular marketplace "may not be fully competitive." Notice of Proposed Rulemaking and Notice of Inquiry, Equal Access and Interconnection Obligations Pertaining to Commercial Mobile Radio Servs., CC Docket No. 94-54, at ¶ 36 (FCC June 9, 1994). In the other, the Commission finds that "in the absence of any evidence (such as price and cost data), it is difficult to conclude that the cellular service market is fully competitive." Bundling of Cellular Customer Premises Equip. and Cellular Servs., 7 FCC Rcd. 4028, 4029 (1992). This is a far cry from a finding of "substantial market power," particularly in light of the price and cost data that the BOCs have provided.

In the third source upon which DOJ relies, the FCC cites, without comment, a General Accounting Office Report concluding that "the current market structure 'may provide only limited competition.'" Amendment of Commission's Rules to Establish New Personal Communications Servs., 7 FCC Rcd 5676, 5702 (1992) (citing GAO, Concerns About Competition in the Cellular Telephone Industry, July 1992). In the last, the FCC simply notes that permitting cellular providers to acquire PCS licenses outside their cellular service areas will "foster a competitive market environment." Amendment of Commission's Rules to Establish New Personal Communications Servs., 8 F.C.C. Rcd. 7700, 7744 (1993). Plainly, these sources cannot excuse DOJ's own failure to back up its statements with actual market analysis.

Even setting aside the many inaccuracies in the Department's presentation of the documents,<sup>44</sup> there is no analysis of by whom they were prepared, at what level in the company, and for what purpose. Thus, one cannot reliably say, as the Department does, that these documents represent "the BOCs' view" as to the current state of cellular competition. Id. at 15.<sup>45</sup> More basically, the whole enterprise is misguided. Reliance upon selected opinions --

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<sup>44</sup>For example, the Department cites a US West document as proving that the "[c]urrent duopoly structure and market growth limits competitive intensity." DOJ Mem. at 16 (citing USW 875). In fact, US West document 875, which the Department attaches as Exhibit 6, is a technical discussion of a proposed PCS switch system that has nothing whatsoever to do with competitive intensity or the duopoly structure of the cellular market.

Another document, which the Department offers in an attempt to show Southwestern Bell's supposed view that there is an "absence of significant price competition," DOJ Mem. at 15 (quoting SWB 218486), was in fact prepared by Monitor Company, an independent consulting company that does much of its work for AT&T. The Department's confusion in this respect is puzzling, since the document itself, included as part of Exhibit 5 to the Department's filing, is labelled as a "Monitor Company Draft" and contains the disclaimer: "Statements and representations contained herein are preliminary and represent the views of Monitor Company only." This same legend is found on SWB 218492, which the Department quotes with the lead-in, "Southwestern further observed . . . ." DOJ Mem. at 15.

Yet another document that the Department cites, DOJ Mem. at 16, discusses "three basic ways in which industry structure may evolve in the mid '90s." DOJ Ex. 2, AM00385. The Department quotes from only one of the three "scenarios" developed in the document, without bothering to mention that, according to the document itself, this scenario no longer reflected "the prevailing view of the Ameritech management team." Id. at AM00386.

<sup>45</sup>Apparently, moreover, the Department only considers an expression of opinion to be relevant if it reflects the Department's view. The Department quotes from a Southwestern Bell document (SW203264) dealing with the threat of emerging competition, DOJ Mem. at 15-16, but fails to quote other passages on the same page noting that "[c]ompetitive pricing exists between carriers," and that "service pricing has remained competitive."

even by employees of the proponents of relief -- is not a substitute for economic analysis of actual market conditions. Yet economic analysis is precisely what the Department fails to offer to bolster its claim that cellular providers have market power.<sup>46</sup>

Furthermore, even if the Department were correct that there has not been significant price competition in the past for cellular services,<sup>47</sup> the Department is, as the Cellular Telecommunications Industry Association points out, "taking a rear view mirror approach

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<sup>46</sup>The one set of documents that contain any actual pricing data are those of BellSouth, but here the Department simply misreads the data. The Department states that the data show BellSouth's ability to "raise prices" while still increasing "its market share of service revenues." DOJ Mem. at 18. But, as Dr. Hausman notes in his reply affidavit, prices have in fact gone down in the Florida markets cited by the Department. Hausman Reply Aff. ¶¶ 9-10. Revenues per minute of use have gone up, but that is because, as cellular markets expand, more customers are being added who use their phones infrequently. Thus, monthly access charges are being spread over a smaller number of airtime minutes. It does not follow that either access charges or the per minute rates have gone up. To the contrary, they have either stayed the same or gone down. Id. ¶¶ 9-10 & n.3; June 1994 Hausman Aff. Ex. B, Figure 1; 1992 Hausman Aff. ¶ 24.

Moreover, the documents do not show that BellSouth has been increasing its market share over that of McCaw. To the contrary, the documents show that McCaw has been obtaining a steadily increasing share of service revenues and minutes of use. Because cellular callers pay both monthly access charges and airtime charges, the fact that BellSouth's "per minute revenues" increased relative to McCaw's, DOJ Mem. at 18, only indicates that BellSouth's customers were using their phones less frequently. This is hardly a desirable state of affairs for a wireless provider, since airtime revenues are far more significant than access charges.

<sup>47</sup>Price competition is of course only one sort of competition possible in a rapidly-evolving, high-tech industry like cellular. Even a document that the Department cites in claiming that there has been "[t]o-date little competition on service pricing," DOJ Mem. at 16 (quoting DOJ Mem. Ex. 4, PT 000012), notes that there has been "[s]ignificant early competition on system performance (coverage and quality)." PT 000012.



to cellular regulation." CTIA Comments at 18. Whatever the state of competition in the past, wireless services are about to enjoy an explosion of new competition from Enhanced Specialized Mobile Radio and PCS. As a Bell Atlantic document upon which the Department relies explains, even if competitive factors are "currently favorable," the "[e]ntry of strong, aggressive new competitors in 1994-95 could result in industry overcapacity, price cutting, and margin pressures." DOJ Mem. Ex. 3, BA 107371. Ignoring what is obvious to all market analysts -- that these new competitors will infuse substantial new competition into the industry and create downward pressure on prices<sup>48</sup> -- is hardly a responsible way to go about regulating the industry.<sup>49</sup>

Finally, even if cellular providers did have some degree of market power, and were likely to retain it for some period of time, the concern that they might leverage that power to impede

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<sup>48</sup>See, e.g., Survey Finds PCS Could Be Telecom Opportunity of Decade, PCS News, May 26, 1994 (consulting group Action Information Services concludes that "PCS will bring added price competition to [LECs'] cellular business, and the competitive pressure will later extend to the wireline local loop"); George Mannes, Portable Phones Get Affordable, Popular Mechanics, Feb. 1994, at 44 (former MCI PCS vice president Steve Zecola states that the cost of PCS service could be "easily 30% below" the cost of cellular); Telcos Mustering Strength to Fight PCS Competition, Telco Business Report, Oct. 11, 1993 ("PCS devices don't just threaten traditional cellular services. They challenge the core business of telcos: providing wireline service to homes and offices.").

<sup>49</sup>The Department's caution stands in stark contrast to its position in 1982, when it looked forward to the likelihood of competition in interexchange services, despite AT&T's existing 96% market share. See Competitive Impact Statement, at 39-40, United States v. AT&T, No. 74-1698 (D.D.C. Feb. 10, 1992).

competition in cellular interexchange services would be unfounded.<sup>50</sup> As we discuss more fully in connection with the BOCs' request for relief allowing expanded local calling, cellular markets fall squarely within the general rule that only one monopoly profit can be gained from an unregulated monopoly. *Infra* pp. 66-69. Robert Crandall explains, for example, that "[r]egardless of the degree of current competition in wireless services, there will be competitive benefits, and very limited risks, from limiting the ability of the BOC wireless carriers to compete by offering a full array of services, including interLATA service." Crandall Aff. ¶ 16. "[R]estrictions [of the sort proposed by the Department] on bundling and IX resale" are "not likely to enhance competition in wireless services" and "could actually reduce it." *Id.* ¶ 19.

The Court should reject the Department's proposed sales, bundling, and database sharing conditions as illegitimate from their very conception. But even if this were not so, none of these conditions would serve the procompetitive purposes of the decree. Each would impose inefficiencies on BOC wireless providers that could not possibly be justified by offsetting benefits. This constitutes an additional and independent reason to refuse the Department's invitation.

1. Wireless long distance sales force.

The Department suggests that various separation requirements be imposed upon the sales forces of the local wireless operations

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<sup>50</sup>AT&T's experts, B. Douglas Bernheim and Robert Willig, make the same point. *See* Bernheim/Willig Report at 12.



SEIFERT: Investors in the battery maker Duracell got a charge from record fourth quarter earnings today. Duracell profits climbed 17 percent to a \$1.68 a share. And Duracell also announced today that it plans to power up manufacturing plants in China and India next year. Duracell jolted up 7/8 to 41-5/8.

KANGAS: Seagram said its spirits and wine group is setting up a sales and marketing unit in South Africa. The company says the wholly owned operation will market and sell company owned imported brands throughout South Africa and will begin operations September 1st. Seagram's stock today ended with a gain of 1/4 at 30-7/8.

SEIFERT: In tonight's commentary, Alfred Kahn, Professor Emeritus of Political Economy at Cornell University, and the father of airline deregulation, discusses the pros and cons of cellular phone regulation.

ALFRED KAHN (Commentary): We know that economic regulation often does more harm than good, especially when it suppresses competition. Now a study of the cellular telephone business by William Shew of the American Enterprise Institute finds that while competition has been consistently effective in reducing rates, the rates are marginally higher in states that regulate them than where they don't. Probably one reason for this is that most of the regulation is apparently quite perfunctory. It doesn't make much sense to regulate cellular at all. It's not a necessity like electricity. And cheap ordinary telephone service is always available as an alternative. If the FCC's restriction of entry to two providers in each market was necessitated by limitations of the radio spectrum, the way to appropriate the scarcity rents would have been to auction off the licenses. But why should the effective regulation have been perverse? Shew suggests that where there was no way of knowing what the proper initial price should have been, or the only requirement was to file tariffs, the companies might have thought it prudent to file high rates initially, expecting they'd always be permitted to reduce them but might have trouble raising them. Shew makes two other fascinating findings: rates are significantly higher in states with laws that prohibit regulation, and even more significantly lower in state capitals. So while such regulation as the states have actually imposed hasn't done customers any good, the threat of it has evidently been a powerful protection and nothing is so likely to make that threat materialize as high charges in the state capitals. Shew's conclusion: states should not give up the threat of regulation, but neither should they actually impose it. I'm Alfred Kahn.

SEIFERT: And that's NBR for Thursday, July 28th. I'm Cassie Seifert in New York. Thanks for joining us. I'll see you tomorrow, Paul.

KANGAS: Good night, Cassie. I'm Paul Kangas in Miami wishing all of you the best of good buys.

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**Advice Letters Reducing Prices, January 1990 - September 1994**

**Los Angeles SMSA Limited Partnership**

**1990**

<u>AL#</u>	<u>Effective Date</u>	<u>Purpose of Filing</u>
58	03/22/90	Introduce a rate plan for Government entities - will provide reduced rates for activation, access & usage
59	03/25/90	Establish an Emergency Rule-Waive or reduce tariff charges
60	04/12/90	Reduce minimum usage requirement in the Wholesale Off-peak plan
72	09/01/90	Provide 3 months of Call accounting Free to new Basic Plan customers
74	09/14/90	Eliminate monthly charge for Call Waiting
78	10/10/90	Waive service establishment charge for reactivating service
79	10/18/90	Establish Neighborhood Plans for Oxnard/Ventura Neighborhood at reduced access & usage

**1991**

86	01/04/91	Introduce Automatic roaming and eliminate deposit special conditions
95	04/21/91	Reduce minimum number of minutes to qualify for waiver of Custom Calling Feature charge and Re-installation program
98	04/08/91	Reduce the charge for resellers changing Long Distance carrier
102	06/21/91	Reduce the service establishment charge and usage charge for Government Plan
111	07/31/91	Introduce a discount 2nd Phone Program

**1992**

122-A	04/13/92	Reduce ESN change charge for resellers
131-C	11/06/92	Reduced charges for retail and wholesale customers which roam to San Diego - "home rates" apply
132	04/30/92	Introduce discounts on monthly access and usage for May-December for resellers
146	07/18/92	Re-introduce a cooperative advertising program wherein resellers could accrue co-op funds of \$25 per activation
148-A	08/25/92	Service Establishment Charge waived for new retail customers and for resellers' new end-users for 90 days
156	09/03/92	Introduce a \$10 reduction in monthly access for a second phone for retail customers (on either the Basic or Premium Plans)

**Los Angeles - Continued**

160-A	10/30/92	Introduce a Basic Plus Plan and a Premium Plus Plan which provide for monthly access, voice mail, and customer calling features for a single rate less than the sum of the individual components; a wholesale Basic Plus Plan was also introduced
169-A	11/16/92	Promotional program which gave retail customers 25 minutes of off-peak usage. Resellers received an offset credit of \$5.55 per number which the reseller agrees to sign up for the program
172	11/22/92	Service establishment charge waived for new retail customers and resellers new end-users for 90 days

**1993**

193	01/28/93	Reduced wholesale basic service peak and off-peak usage rates by eliminating first of two tiers
197	02/10/93	Re-introduce free 25 minutes of off-peak usage promotion for new retail customers with wholesale off-set
209	05/08/93	Establish Memorial Day as a holiday (Off-Peak)
211	04/13/93	Re-introduce an Airtime Credit Promotion off for retail and wholesale customers of contract plans
213	05/26/93	Promotional temporary waiver of Service Establishment Fee
217	05/01/93	Introduce a wholesale incentive plan
220	06/06/93	Provide free public service calls from mobile phones
229	TBD	Introduce six new reduced rate Super-Value Plans for retail and wholesale customers
240	07/13/93	Reduce Super-Value Plan rates via the Rate band Pricing Guidelines
246	09/02/93	Introduce a temporary promotion as part of the Wholesale Incentive Program
252	09/12/93	Introduce a promotion waiving service establishment charges for subscribers to the Corporate/Volume Purchaser Plans
262	10/23/93	Extend the existing wholesale incentive program for resellers
263	10/24/93	Introduce a Sales Agent Plan
266	10/31/93	Introduce a promotion waiving service establishment charge for subscribers who move or transfer between PacTel Cellular affiliates
276	11/05/93	Re-introduce Free Off-peak Airtime Promotion
277	TBD	Introduce a \$100 Credit Promotion for Super-Value Plan subscribers

**Los Angeles - Continued**

284	11/30/93	Introduce a wholesale incentive program
285	12/01/93	Introduce a one-day promotion crediting service establishment charges for retail and wholesale customers
292	12/23/93	Introduce a promotion crediting service establishment charges for retail and wholesale customers
293	12/31/93	Introduce a \$100 Credit January Promotion and a waiver of service establishment charges for Super-Value Plan subscribers
294	12/31/93	Re-introduce a Free Off-Peak Airtime Promotion for retail and wholesale customers

**1994**

297	01/13/94	Introduce a \$100 Credit Promotion for Corporate/Volume Purchaser Contract Plan subscribers
302	02/11/94	Waive airtime charges to Company's Info Center Service
308	02/25/94	Provide a Service Establishment Charge Credit to promotion selected service plans
324	04/30/94	Provide a waiver of Service Establishment Charge for Subscribers who transfer service between AirTouch and Cellular Affiliates
325	03/31/94	Extend earthquake response assistance program for free information calls
326	04/05/94	Introduce a promotion to incent resellers to demonstrate Company's system
327	04/06/94	Allow Corporate/Volume Purchaser Contract Plan subscribers to aggregate MIN/ESNs from selected plans for rate reductions
333	04/08/94	Introduce a Contract Plan Promotion
340	04/22/94	Introduce a promotion crediting Service Establishment Charge
354	05/20/94	Introduce a promotion crediting Service Establishment Charge
355	05/25/94	Provide a rate reduction of Custom Calling Features
366	06/10/94	Introduce a waiver of Early Termination Fees
367	06/13/94	Introduce several new Two-Year Contract Plans
368	06/13/94	Introduce a credit promotion of new Two-Year Contract Plans
369	06/13/94	Introduce a promotion for new Two-Year Contract Plans
371	06/15/94	Modify deposit conditions and eliminate certain wholesale change charges
372	06/17/94	Introduce a promotion waiving Service Establishment Charge for selected rate plans
376	06/22/94	Introduce a promotion for Company's Corporate/Volume Purchaser Contract Plans



**Los Angeles - Continued**

379	07/01/94	Introduce an incentive program for resellers
384	07/07/94	Introduce a Service Establishment Fee waiver promotion
385	07/13/94	Introduce a Contract plan for resellers of volume cellular services
392	07/21/94	Introduce a promotion for waiver of Service Establishment Fee
394	07/26/94	Introduce a promotion for waiver of Service Establishment Fee
395	07/27/94	Introduce a promotion for waiver of Service Establishment Fee
404	08/15/94	Reduce prices on selected contract plans under Rate band Pricing Guidelines
408	08/15/94	Extend a Service Establishment Fee Waiver promotion
411	08/24/94	Promotion for Corporate/Volume Purchaser and Gov't Contract Plans
412	08/26/94	Promotion for Waiver of Service Establishment Fee.
423	09/02/94	Promotion to offer \$10.00 per month credit for customers on Two Year Super-Value Plan or Ventura Neighborhood Plan
424	09/02/94	Bill credit promotion for resellers activating end users in September and October 1994 and enhancement to cooperative advertising program
428	09/16/94	Introduction of Super-Value Starter Plan
429	09/16/94	Promotion crediting \$5.00 per month for 6 months for customers on Super-Value Starter Plan

**Advice Letters Reducing Prices, January 1990 - September 1994**

**PacTel Cellular - San Diego**

**1990**

<u>AL #</u>	<u>Effective Date</u>	<u>Purpose of Filing</u>
40	04/07/90	Establish Emergency Service Rule. Waive or reduce tariff charges
44	06/29/90	Update listing of No Charge Calls including San Diego Crime Commission
46	08/30/90	Introduce a Government rate plan with reduced rates
49	11/04/90	Eliminate change charge for certain situations

**1991**

53	01/05/91	Eliminate deposit special conditions for roamer
56	07/28/91	Modify the way Change Charge & Service Establishment charges are calculated
58	04/19/91	Reduce roaming charges for Imperial RSA subscribers when roaming in San Diego CGSA
62	06/10/91	Introduce a discounted Flex Plan, Established Sub-minute Billing Option and add Memorial Day as a holiday
67	07/22/91	Introduce Off-Peak Promotion
69	07/24/91	Introduce a Government Promotion Plan, offers reduced rates for entities between 7/29/91 - 12/31/91
70	08/29/91	Modify tiered access charges on the Flex Plan, results in reduction in access charges. Adds custom calling features at no charge for Personal Plan.
72	11/04/91	Modify Government Promotion Plan -produces reduced rates for existing and new customers between 11/4/91 - 9/30/92
78	11/15/91	Introduce a new rate plan to PTC customers in Imperial RSA
79	12/15/91	Introduce two new rates plans for Imperial RSA PTC customers. Deletes charges for Call Forwarding

**1992**

92	11/06/92	Modify Roamer Rates
93	05/29/92	Eliminate change charge to add optional features
102	08/01/92	Introduce the Government Access promotion

**San Diego - Continued**

108	12/02/92	Reduced monthly access and usage rates for existing Government plan customers for eight months
115	12/04/92	Introduced Flex Annual Plan which provides monthly access at half of the regular rate for the first 90 days (savings of \$13-17.50 per number

**1993**

132	06/08/93	Introduce Free Off-Peak Airtime Promotion
133	07/21/93	Introduce the Security Plan, Convenience Plan, Advantage 120 Plan, Advantage 220 Plan & Advantage 420 Plan
134	07/31/93	Introduce the Government Plan II and the Government Access Plan
136	07/21/93	Introduce Free Airtime Credit Promotion
141	08/23/93	Introduce Free Airtime Credit Promotion
145	09/27/93	Introduce Free Airtime Credit Promotion
147	10/31/93	Introduce the Waiver of Service Establishment Charge Promotion
148	11/15/93	Provide temporary Waiver of Service establishment Charge
149	11/14/93	Introduce First Month Bill Credit Promotion
152	12/05/93	Offer temporary waiver of early termination fee for Annual Plans holiday gift returns or exchanges
153	12/23/93	Introduce After Christmas Service Establishment Waiver Promotion

**1994**

155	01/01/94	New year's Service Establishment Waiver Promotion
160	01/15/94	January '94 Service Establishment Waiver Promotion
162	02/10/94	Temporary Waiver of Service Establishment
163	03/02/94	Disabled Plan--new, reduced pricing plan
164	02/09/94	Free Airtime Credit Promotion
165	03/13/94	First Month Bill Credit Promotion
166	03/13/94	March/April Service Establishment Waiver Promotion
172	04/30/94	Service Establishment Waiver
174	05/04/94	Service Establishment Waiver
175	05/11/94	Waiver of Early Termination Fee When Transferring Between Annual Plans
180	06/10/94	Waiver of early Termination Fees
185	08/01/94	Waiver of Service Establishment and Provide Credit on Bill Promotion
189	08/01/94	Service Establishment Waiver Promotion
192	08/19/94	Bill Credit Promotion

**San Diego - Continued**

193	09/01/94	Waiver of Contract Plan Termination fee in certain specific Circumstances
194	09/01/94	September '94 Service Establishment Waiver and Bill Credit Promotion

**Advice Letters Reducing Prices, January 1990 -September 1994**

**Sacramento-Valley Limited Partnership**

**1990**

<u>AL #</u>	<u>Effective Date</u>	<u>Purpose of Filing</u>
29	03/01/90	Waive service activation charges for Chico CGSA customers which switch from the competitor from 3/1/90-8/31/90
30	03/1/90	Establish Emergency Service Rule. Reduce or waive tariffed charges
34	06/29/90	Update listing of No Charge Calls. Include retail deposit procedures
45	12/21/90	Waive service establishment charges for new customers in the Chico CGSA from 11/21/90-1/31/91
46	12/22/90	Introduce Chico CGSA Service Establishment charge waiver

**1991**

47	01/05/91	Introduce a government rate plan with reduced charges
48	01/05/91	Introduce call hand off and eliminate roamer deposit special condition
49	01/18/91	Reduce Automatic Roaming rates for 2 carriers in neighboring RSA's
60	08/16/91	Temporary Waiver of Activation charge for new Chico CGSA customers
62	07/19/91	Add additional discounted tier to Government rate plan
73	11/15/91	Eliminate monthly charge for Call Forwarding feature

**1992**

93	08/02/92	Eliminate change charge for adding optional features
99	09/30/92	Add an additional discount tier to the Government Plan
100	10/02/92	Eliminate the Service Establishment Charge for Government accounts which qualify for the maximum discount tier
110	12/06/92	Waived service establishment charge for retail and wholesale customers which activate 150 or more numbers during November and December

**Sacramento - Continued  
1993**

120	02/19/93	Eliminated usage charges for calls to selected companies providing roadside assistance for automobile problems
141	10/31/93	Introduce Waiver of Service Establishment Charge Promotion
144	11/12/93	Introduce the California Choice Plans: CAL 50, CAL 150, CAL 300 & CAL 500
145	11/12/93	Introduce Waiver of Service Establishment Charge Promotion
158	01/04/94	Extends Waiver of Service Establishment Charge Promotion

**1994**

163	04/30/94	Provide a waiver of Service Establishment Charge for Subscribers who transfer service between AirTouch Cellular affiliates
164	05/06/94	Waive usage charges for Mothers' Day
170	06/17/94	Waive usage charges for Fathers' Day
171	07/01/94	Waive usage charges for 4th of July
173	07/05/94	Introduce CAL 50 Plan for Area A
174	07/05/94	Promotional reduction in CAL 50 Plan Charge
178	07/29/94	Introduce Waiver of Service Establishment Charge Promotion
179	08/16/94	Reduce Government Plan Rates for Area B
180	08/18/94	Reduce CAL 50 Plan rates in Area A under Rate Band Pricing Guidelines
182	09/01/94	Promotional reduction of Call Completion optional feature

**Advice Letters Reducing Prices, January 1990 - September 1994**

**Bay Area Cellular Telephone Company**

**1990**

<u>AL #</u>	<u>Effective Date</u>	<u>Purpose of Filing</u>
35	02/11/90	Establish Emergency Service Rule-allows waiver or reduced tariff charges
37	03/09/90	Promotion for new customer - 120 minute peak credit for Basic Plan-60 minute peak credit for Personal Communication Plans
38	05/02/90	Sets peak period rate at Flat per minute for Government plan-Reduces low users volumes charges

**1991**

78	02/23/91	Introduce a new Large Organization Plan
80	02/25/91	Promotion for each access number ordered will receive 60 minutes P/OP under the Basic Service plan and the Personal Communications Plan
88	04/16/91	Introduce a tiered access charge for the Basic Service Plan that will result in a reduction for customers which use at least 100 min./month
89	04/16/91	Introduce a new Executive Plan with lower charges
103	10/12/91	Establishes a waiver of service establishment charge when a customer transfers services to BACTC from a Block A affiliate

**1992**

132	01/10/92	Introduced a promotional offer which permits calls at no charge to a traffic information service up to a value of \$100 for retail customers and up to \$80 for wholesale customers' end users
137	03/27/92	Reduced prices for subscribers to the Large Organization Service Plan by increasing access and usage discounts
138	03/28/92	Extended through June 15th of the traffic information service promotion introduced by AL 132
148	06/10/92	Introduced the EnableLink <sup>SM</sup> rate plan (at retail and wholesale) for end users who are visually impaired and or mobility impaired

**Bay Area Cellular Telephone Company - Continued**

149	05/15/92	Introduced a retail/wholesale free airtime promotional offer for various service plans, e.g., Basic Service Plan customers receive a credit of 75 peak minutes
155	07/02/92	Introduced a promotional offer for July 3rd wherein customers receive up to 110 peak or off-peak minutes of usage free
179	11/23/92	Eliminated usage charge for calls to BACTC's direct sales staff
180	11/30/92	Provided service to SF Police Department at reduced rates per letter agreement
183	12/13/92	Waived service restoral charge for retail customers which reactivate service within 60 days of discontinuance of service
185	11/16/92	Introduced a new retail and wholesale airtime promotion for various service plans, e.g., Basic Service Plan customers receive a credit of 150 peak minutes
186	12/30/92	Extended promotional offer wherein Custom Calling Features are provided free of charge to current and new retail and wholesale customer until December 31, 1993

**1993**

193	04/01/93	Introduced a new Volume User Plan and decreases the number of access numbers that a wholesale customer must initially order
196	03/15/93	Introduced a new retail and wholesale airtime promotion for various service plans, e.g., Basic Service Plan customers received a credit of 100 peak minutes
204	04/19/93	Introduced 6 new rate plans, extend Free Airtime Promotion to May 17, 1993 and include 6 new rate plans in the promotion
205	04/26/93	Reduce access charge for Basic Service Plan-retail and wholesale
226	10/02/93	Waive first 10 seconds of airtime for voicemail, waive charges for initializing voice mail
231	10/18/93	Reduce access charge for Basic Service Plan-retail and wholesale
232	10/18/93	Introduce a new R/W joint account promotion
233	10/20/93	Reduce access charge for Basic Service Plan-retail and wholesale
233-A	11/19/93	Reduce access charge for Basic Service Plan-retail and wholesale



**Bay Area Cellular Telephone Company - Continued**

240	11/24/93	Reduce access charge for Basic Service Plan-retail and wholesale
241	12/31/93	Extends Custom Calling Features Promotion until 6/30/94
244	12/06/93	Introduce a new Occasional Plan and Standard Plan Promotion

**1994**

257	03/15/94	Reduce the access rates for BACTC's Security Plan, Occasional Plan, Standard Plan, Value Plan, Advantage Plans and Premium Plan in the retail and wholesale tariff from the time period beginning on March 15, 1994 and ending on May 13, 1994
266	05/04/94	Promotional offer to reduce the service activation fee for BACTC's Corporate Management Plan in the retail tariff
275	07/14/94	Introduce the Emergency Preparedness Plans - Analog and Digital
277	06/24/94	Introduce an Activation Waiver Airtime Promotion to certain rate plans in BACTC's retail, wholesale and grandfathered rate plan tariffs
279	07/01/94	Extend the Activation Waiver promotion to August 8, 1994, in BACTC's retail and wholesale tariffs
280	07/01/94	Introduce a new summer promotion in BACTC's retail and wholesale tariffs. (Free usage through September 4, 1994)
286	07/29/94	Extend BACTC's custom calling features promotional offer for retail and wholesale customers until December 31, 1994
292	09/15/94	Introduce a Digital Flex Plan
294	09/15/94	Introduce the new Digital Activation Promotion in the retail and wholesale tariff. (\$300 airtime credit)
295	09/15/94	Introduce the Fall 1994 Promotion in the retail and wholesale tariff. (Free incoming calls)